

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT SERVICES
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Section 4-Receivables 5.1	EFFECTIVE DATE: 9/25/95
TITLE: Reporting Collection Agency Referrals	REVISION DATE: 4/5/96
AUTHORIZED BY: Cheryl Thompson, Deputy Director	PAGE 1 of 4

BACKGROUND

Under **Receivables 2.0**, each division or institution is required to refer accounts receivable to a collection agency when initial collection efforts are not successful and the amount due is \$50 or more. To improve accounts receivable collections, divisions and institutions are encouraged to contract with a collection agency.

The Department of Administration, State Controller's Office now requires quarterly reports of collection agency referrals, effective for the first quarter, FY 96. The purpose of these reports is to monitor and improve accounts receivable management. The Bureau of Fiscal Services (BFS) will review division and institution quarterly reports, compile departmental data and prepare the certification to the Department of Administration (DOA).

PROCEDURES

1. Each division or institution that refers accounts receivable to a collection agency is required to file a quarterly report summarizing collection activity for the period. Each division should establish methods to assure that reports are filed timely, accurately and completely.
2. The following organizations/units shall file separate quarterly reports with BFS:
 - a. Child support arrearages (although child support arrearages are not state receivables, the Bureau of Child Support refers arrearages to a collection agency as part of its child support enforcement activities)
 - b. Aid to Families with Dependent Children
 - c. Medicaid overpayments
 - d. Medicaid drug rebates
 - e. Food Stamps

- f. All other Division of Health receivables in addition to c and d above
 - g. Division of Care and Treatment Facilities (each institution and the central office should file quarterly reports)
 - h. Division of Youth Services (each institution and the central office should file quarterly reports)
 - i. All other Division of Economic Support receivables in addition to b and e above
 - j. Division of Community Services receivables
 - k. Division of Vocational Rehabilitation receivables
 - l. Division of Management Services receivables (including the Bureau of Information Services)
 - m. BFS-Billing and Collections Unit.
3. If no collection referrals were made during the reporting period, a report should be filed showing no activity.
4. **The due date for the report is the twentieth of the month following the end of the quarter except for the fourth quarter report which is due July 31. Reports should be sent to the Institution and Administrative Accounting Section, BFS.**
5. The reporting format is provided in Attachment 1.
- a. "Receivable Type/Name" should correspond to the categories in a through m above.
 - b. "Beginning of Period--Balance of Receivable Referred to Collection Agency" is the total amount of receivables on hand at the collection agency as of the first day of the quarter.
 - c. "Receivables Referred to Collection Agency during Period" is the total amount of receivables sent to the collection agency during the quarter.
 - d. "Collection remitted to agency during the period" is the total amount collected and sent to the organization by the collection agency during the quarter. Collections should be reported at 100% and not netted against any collection fees.
 - e. "Uncollectible receivable returned by collection agency" is the total amount of receivables that were closed during the quarter by the collection agency as not collectible.
 - f. "Ends of Period--Balance of Receivables Referred to Collection Agency" should be the total amount of receivables

held by the collection agency as of the end of the quarter. The subsequent period beginning balance should be the same as the current period ending balance.

- g. "Amount Paid to Collection Agency during this Period" should be the total amount invoiced and paid to the collection agency as fees during the quarter.

ATTACHMENT

- 1 Quarterly Report of Collection Referrals

REFERENCES

RECEIVABLES 2.0 (Debt Collection Policies--External Parties)

CONTACT PERSON

Amy McDowell, Chief
BFS Institution and Administrative Accounting
(608) 266-2708

QUARTERLY REPORTING OF COLLECTION REFERRALS

Division/Institution

Receivable Type/Name

Quarter Ended

Sept. 30 9

Dec. 31 9

March 31 9

June 30 9

Collection Agency Referrals

Beginning of Period--Balance of Receivable Referred to Collection Agency	
Receivables Referred to Collection Agency During Period (+)	
Collections Remitted to Agency During Period (-)	
Uncollectible Receivables Returned by Collection Agency (-)	
End of Period--Balance of Receivables Referred to Collection Agency	

Amount Paid To Collection Agency As Commission During Period	
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Prepared by_

Signature

Date